

TEXAS APPRAISER LICENSING  
AND CERTIFICATION BOARD

vs.

JOHN WALLACE BLUNT, JR.  
TX-1323086-G

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DOCKETED COMPLAINT NO.  
11-123 & 14-007

**AGREED FINAL ORDER**

On the 22 day of Nov, 2013, the Texas Appraiser Licensing and Certification Board, (the "Board"), considered the matter of the certification of John Wallace Blunt, Jr. (the "Respondent").

In order to conclude this matter, Respondent neither admits nor denies the truth of the Findings of Fact and Conclusions of Law contained herein and further agrees to the disciplinary action set out in this Agreed Final Order.

**FINDINGS OF FACT**

1. Respondent John Wallace Blunt, Jr. is a Texas state certified general real estate appraiser who holds certification number TX-1323086-G and was certified by the Board during all times material to the above-noted complaint.
2. Respondent performed appraisals on properties ("the properties") located at the following addresses:
  - a. 415 acre parcel of unimproved land known as Sky Line located in Travis County, Texas ("the 415 acre property"); and,
  - b. 100 acre parcel of unimproved land, which is out of a parent parcel known as Sky Station, located in Travis County, Texas ("the 100 acre property").
3. Respondent appraised the 415 acre property on or about July 31<sup>st</sup>, 2006 with an effective date of July 28<sup>th</sup>, 2006.
4. Respondent appraised the 100 acre property on or about November 15<sup>th</sup>, 2006 with an effective date of July 10<sup>th</sup>, 2006.
5. Two separate complaints were filed with the Board by Brian Vodika. Mr. Vodika invested substantial money in the properties, based in part on the values Respondent indicated in his appraisal reports. The complaints alleged that the Respondent produced appraisal reports for the properties that were inflated and misrepresentative.

6. Thereafter the Board notified Respondent of the nature of the accusations involved and Respondent was afforded an opportunity to respond to the accusations in the complaints. Respondent was also requested to provide certain documentation to the Board, which was received.

7. The parties enter into this consent order ("Order") in accordance with TEX. OCC. CODE § 1103.458.

8. Respondent violated TEX. OCC. CODE § 1103.405, 22 TEX. ADMIN. CODE §§ 153.20(a)(6)<sup>1</sup> and 155.1(a) by the following acts or omissions which did not conform to the USPAP:

The 415 Acre Property

- a) USPAP Ethics Rule (record keeping provision) -- Respondent violated the record keeping provisions because he failed to maintain a work file containing all data, information, and documentation necessary to support his opinions and conclusions;
- b) USPAP Competency Rule -- Respondent did not identify the problem to be solved properly;
- c) USPAP Scope of Work Rule; 1-2(h) & 2-2(b)(v)(ii) -- Respondent failed to perform the scope of work necessary to develop credible assignment results and disclose that scope of work in the report;
- d) USPAP Standards 1-2(c) & 2-2(b)(v) -- Respondent provided an incorrect definition of value based upon the nature of the work he performed in the appraisal;
- e) USPAP Standards 1-2(e)(i) & 2-2(b)(iii) -- Respondent failed to identify and report the site and improvements description for the 415 acre property properly and misrepresented and/or omitted this significant and material information. In particular, this included discussion of proposed infrastructure (such as roads and utilities) and whether utilities were already available on site or required acquisition and extension;
- f) USPAP Standards 1-4(f) & 2-2(b)(viii) -- Respondent failed to analyze and report his analysis of the development permits, roadway construction and critical roadways he referenced in his report;
- g) USPAP Standards 1-2(e)(iv) & 2-2(b)(viii); 1-2(f) or 1-2(g) & 2-1(c) & 2-2(b)(x) -- Respondent failed to consider, analyze and report deed restrictions impacting the property's highest and best use. Alternatively, had he elected to use an extraordinary assumption or hypothetical condition, he failed to clearly and conspicuously state what those assumptions and conditions were and whether their use might have affected his assignment results;

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<sup>1</sup> Formerly located at 22 TEX. ADMIN. CODE § 153.20(a)(3).

- h) USPAP Standards 1-3(b) & 2-2(b)(ix) – Respondent provided no analysis of supply and demand and provided no supporting rationale for his determination. Instead, Respondent merely concluded that the proposed land plan provided to him was the property's highest and best use without doing any of his own investigation and analysis into whether that was actually the case;
- i) USPAP Standard 2-2(b)(viii) – Respondent failed to explain and support his exclusion of the cost approach;
- j) USPAP Standards 1-4(a) & 2-2(b)(viii); 1-1(a) & 1-4(a) – Respondent has failed to collect, verify, analyze and reconcile comparable sales data adequately and has not employed recognized methods and techniques in his sales comparison approach. Respondent has not provided supporting documentation nor his reasoning and a summary of his analysis his sales comparison approach. Generally, Respondent used inappropriate properties as comparable sales even though appropriate, more similar sales were available and should have been used. He did so by selecting sales which were dissimilar in salient market recognized features. Respondent also failed to make appropriate adjustments or made inappropriate adjustments to the sales he did use, and did not discuss his analysis and reasoning behind the adjustments he made or elected not to make. In general, objective market data, which was ignored and not analyzed by Respondent, if employed as required, would have necessitated significantly lower value conclusions;
- k) USPAP Standards 1-1(a) & 1-4(c) & 2-2(b)(viii) – Respondent failed to provide any reasoning for his exclusion of the income approach even though he estimated retail market value, which is the first step in conducting a discounted cash flow analysis, which is a form of the income approach. Respondent did not employ recognized methods and techniques because he failed to conduct an income approach even though he should have;
- l) USPAP Standards 1-4(c)(i) & 2-2(b)(viii) – Respondent did not collect, verify, analyze and reconcile comparable rental data to estimate the gross income potential of the property and did not report any of this information;
- m) USPAP Standards 1-4(c)(ii) & 2-2(b)(viii) – Respondent has failed to collect, verify, analyze and reconcile comparable operating expenses and did not report any of this information;
- n) USPAP Standards 1-4(c)(iii) & 2-2(b)(viii) – Respondent has failed to collect, verify, analyze and reconcile comparable data to estimate capitalization and/or discount rates and did not report any of this information;
- o) USPAP Standards 1-4(c)(iv) & 2-2(b)(viii) – Respondent has failed to base projections of future rent or income potential and expenses on reasonable clear and appropriate evidence and did not report any of this information;

- p) USPAP Standards 1-5(a) & 2-2(b)(viii); 1-1(b); 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to report, analyze and reconcile significant and material information concerning the contract of sale and listing history of the property;
- q) USPAP Standards 1-5(b) & 2-2(b)(viii); 1-1(b); 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to report, analyze and reconcile significant material information concerning the prior sales history of the property;
- r) USPAP Standards 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to reconcile the quality and quantity of the data within the approaches to value or the applicability of the approaches;
- s) USPAP Standards 1-1(a), 1-1(b), 1-1(c) and 2-1(a) – Respondent produced a misleading appraisal report for the 415 acre property that contained several substantial errors of omission or commission by not employing correct methods and techniques. This resulted in an appraisal report that was not credible or reliable.

#### The 100 Acre Property

- a) USPAP Ethics Rule (record keeping provision) -- Respondent violated the record keeping provisions because he failed to maintain a work file containing all data, information, and documentation necessary to support his opinions and conclusions;
- b) USPAP Competency Rule – Respondent did not identify the problem to be solved properly;
- c) USPAP Scope of Work Rule; 1-2(h) & 2-2(b)(v)(ii) – Respondent failed to perform the scope of work necessary to develop credible assignment results and disclose that scope of work in the report;
- d) USPAP Standards 1-2(a) & 2-2(b)(i) – Respondent failed to identify his client;
- e) USPAP Standards 1-2(e)(i) & 2-2(b)(iii) – Respondent failed to identify and report the site and improvements description for the 100 acre property properly and misrepresented and/or omitted this significant and material information. In particular, this included discussion of proposed infrastructure (such as roads and utilities) and whether utilities were already available on site or required acquisition and extension;
- f) USPAP Standards 1-4(f) & 2-2(b)(viii) – Respondent failed to analyze and report his analysis of the development permits, roadway construction and critical roadways he referenced in his report;
- g) USPAP Standards 1-2(e)(iv) & 2-2(b)(viii); 1-2(f) or 1-2(g) & 2-1(c) & 2-2(b)(x) – Respondent failed to consider, analyze and report deed restrictions impacting the property's highest and best use. Alternatively, had he elected to use an extraordinary assumption or hypothetical condition, he failed to clearly and conspicuously state what those assumptions and conditions were and whether their use might have affected his assignment results;

- h) USPAP Standards 1-3(b) & 2-2(b)(ix) – Respondent provided no analysis of supply and demand and provided no supporting rationale for his determination. Instead, Respondent merely concluded that the proposed land plan provided to him was the property's highest and best use without doing any of his own investigation and analysis into whether that was actually the case;
- i) USPAP Standard 2-2(b)(viii) – Respondent failed to explain and support his exclusion of the cost approach;
- j) USPAP Standards 1-4(a) & 2-2(b)(viii); 1-1(a) & 1-4(a) – Respondent has failed to collect, verify, analyze and reconcile comparable sales data adequately and has not employed recognized methods and techniques in his sales comparison approach. Respondent has not provided supporting documentation nor his reasoning and a summary of his analysis his sales comparison approach. Generally, Respondent used inappropriate properties as comparable sales even though appropriate, more similar sales were available and should have been used. He did so by selecting sales which were dissimilar in salient market recognized features. Respondent also failed to make appropriate adjustments or made inappropriate adjustments to the sales he did use, and did not discuss his analysis and reasoning behind the adjustments he made or elected not to make. In general, objective market data, which was ignored and not analyzed by Respondent, if employed as required, would have necessitated significantly lower value conclusions;
- k) USPAP Standards 1-1(a) & 1-4(c) & 2-2(b)(viii) – Respondent failed to explain and support his exclusion of the income approach;
- l) USPAP Standards 1-5(a) & 2-2(b)(viii); 1-1(b); 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to report, analyze and reconcile significant and material information concerning the contract of sale and listing history of the property;
- m) USPAP Standards 1-5(b) & 2-2(b)(viii); 1-1(b); 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to report, analyze and reconcile significant material information concerning the prior sales history of the property;
- n) USPAP Standards 1-6(a), (b) & 2-2(b)(viii) – Respondent failed to reconcile the quality and quantity of the data within the approaches to value or the applicability of the approaches; and,
- o) USPAP Standards 1-1(a), 1-1(b), 1-1(c) and 2-1(a) -Respondent produced a misleading appraisal report for the 100 acre property that contained several substantial errors of omission or commission by not employing correct methods and techniques. This resulted in an appraisal report that was not credible or reliable.

7. Respondent's reports contained material misrepresentations and omissions of material fact was detailed above.

## CONCLUSIONS OF LAW

1. The Board has jurisdiction over this matter pursuant to the Texas Appraiser Licensing and Certification Act, TEX. OCC. CODE § 1103.
2. Respondent violated the above-noted provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(6)<sup>2</sup>.
3. Respondent made material misrepresentations or omissions of material facts as prohibited by 22 TEX. ADMIN. CODE § 153.20(a)(12)<sup>3</sup>.
4. The parties are authorized to resolve their dispute by means of a consent order in accordance with Tex. Occ. Code §1103.458.

## ORDER

Based on the above findings of fact and conclusions of law, the Board ORDERS that Respondent's Texas appraiser certification be suspended for a period of 18 months, effective 5:00 p.m. (CST) on November 22<sup>nd</sup>, 2013 and ending on May 21<sup>st</sup>, 2015.

IT IS FURTHER ORDERED that beginning at 5:00 p.m. (CST) on August 22<sup>nd</sup>, 2014, the suspension is to be probated for the remaining 9 months, ending on 5:00 p.m. (CST) on May 21<sup>st</sup>, 2015, subject to the following terms and conditions:

1. **MENTORSHIP.** On or before March 22<sup>nd</sup>, 2014, Respondent shall complete 12 hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below. Respondent shall submit a certification of completion signed by the approved certified USPAP instructor on or before the due date listed for the mentorship requirement. Respondent shall also submit a signed copy of the Guidelines for Texas Appraiser Licensing and Certification Board Mentors and Mentees form on or before the due date listed for the mentorship requirement. **Respondent is solely responsible for locating and scheduling an approved mentor to timely satisfy this Order and is urged to do so well in advance of any compliance deadline to ensure adequate time for completion.** The 12 hours of mentorship shall include:

- A. 6 hours on highest and best use and market analysis;
- B. 3 hours on subdivision analysis; and,
- C. 3 hours on discounted cash flow analysis;

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<sup>2</sup> Formerly located at 22 TEX. ADMIN. CODE § 153.20(a)(3).

<sup>3</sup> Formerly located at 22 TEX. ADMIN. CODE § 153.20(a)(9).

2. **ADMINISTRATIVE PENALTY.** On or before December 13<sup>th</sup>, 2013, Respondent shall pay to the Board by certified funds an administrative penalty of four thousand dollars (\$4,000.00), of which two thousand dollars (\$2,000.00) shall be fully probated, subject to timely compliance with the following conditions:

A. **WRITTEN REPORTS.** On or before April 1<sup>st</sup>, 2014, Respondent shall submit to the Board a 1 page report for each of the three mentorship topic areas itemized above in which:

- (i) he explains the deficiencies in his 415 and 100 acre property appraisals relative to the specific mentorship topic;
- (ii) he describes what he learned from the specific mentorship session; and,
- (iii) explains how he intends to apply what he learned during the specific mentorship session to his appraisal practice going forward in order to avoid future problems with his work product; and,

B. Respondent shall timely comply with all other terms and conditions of this agreed final order.

3. **LOGS.** On or before March 1<sup>st</sup>, 2015, Respondent shall submit a signed and notarized experience log and affidavit listing all real estate appraisal activities completed during the time period November 22<sup>nd</sup>, 2014 through February 22<sup>nd</sup>, 2015.

4. Fully and timely comply with all of the provisions of this Agreed Final Order; and,

5. Comply with all provisions of the Act, the Rules of the Board, and USPAP in the future or be subjected to further disciplinary action.

#### **ACKNOWLEDGMENT AND WAIVER**

**RESPONDENT'S FAILURE TO TIMELY COMPLY WITH ANY TERM IN THIS AGREED FINAL ORDER, WHICH HAS A SPECIFIC, STATED DUE DATE SHALL RESULT IN THE AUTOMATIC REVOCATION OF PROBATION AND THE SUSPENSION IMPOSED IN THIS AGREED FINAL ORDER SHALL BE EFFECTIVE FOR THE FULL TERM COMMENCING ON THE EFFECTIVE DATE OF THE REVOCATION OF PROBATION. IF RESPONDENT FAILS TO TIMELY COMPLY WITH ANY TERMS IN THIS AGREED FINAL ORDER, WHICH HAS A SPECIFIC, STATED DUE DATE, THE RESPONDENT SHALL ALSO BE IMMEDIATELY ASSESSED A \$1,000 ADMINISTRATIVE PENALTY.**

**ANY SUCH SUSPENSION SHALL BE EFFECTIVE WITHOUT THE NEED FOR A HEARING OR OTHER ADMINISTRATIVE DUE PROCESS UNDER THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT OR THE ADMINISTRATIVE**

**PROCEDURE ACT, AND RESPONDENT SPECIFICALLY WAIVES ANY SUCH HEARING OR DUE PROCESS.**

**RESPONDENT, BY SIGNING THIS AGREED FINAL ORDER, WAIVES THE RESPONDENT'S RIGHT TO A FORMAL HEARING, ANY MOTION FOR REHEARING, AND ANY RIGHT TO SEEK JUDICIAL REVIEW OF THIS AGREED FINAL ORDER.** Information about this Agreed Final Order is subject to public information requests and notice of this Agreed Final Order will be published on the Board's web site.

Respondent is solely responsible for timely delivery to the Board of all documents and payments necessary for compliance of this Agreed Final Order. Payment of any administrative penalties due must be in the form of a cashier's check or money order made payable to the Texas Appraiser Licensing and Certification Board. Respondent shall retain documentation (reply email, fax confirmation, return receipt, etc.) confirming receipt by the Board of all the necessary documents.

Respondent shall send all documents and payments necessary for compliance by: (1) email to [compliance.talcb@talcb.texas.gov](mailto:compliance.talcb@talcb.texas.gov), (2) fax to (512) 936-3966, attn: Compliance, or (3) certified mail return receipt requested to Standards & Enforcement Services, Texas Appraiser Licensing & Certification Board, Stephen F. Austin Building, 1700 N. Congress Ave., Suite 400, Austin, TX 78701.

**I HAVE READ AND REVIEWED THIS ENTIRE AGREED FINAL ORDER FULLY AND AM ENTERING INTO IT OF MY OWN FREE WILL TO AVOID THE EXPENSE OF LITIGATION AND TO REACH AN EXPEDITIOUS RESOLUTION OF THE MATTER. I NEITHER ADMIT NOR DENY THAT THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED HEREIN ARE CORRECT. I UNDERSTAND ALL OF MY COMPLIANCE OBLIGATIONS UNDER THIS AGREED FINAL ORDER AND THE CONSEQUENCES FOR FAILING TO COMPLY WITH THOSE OBLIGATIONS.**

**I UNDERSTAND THAT THE BOARD AND ITS STAFF CANNOT PROVIDE ME WITH LEGAL ADVICE AND I AM AWARE OF MY RIGHT TO BE REPRESENTED BY AN ATTORNEY OF MY OWN CHOOSING. I AM AWARE OF MY RIGHT TO A HEARING, AND HEREBY WAIVE A HEARING AND ALSO WAIVE ANY RIGHT TO SEEK JUDICIAL REVIEW OF THIS AGREED FINAL ORDER, INCLUDING FOR ANY SUBSEQUENT ACTION RESULTING FROM MY FAILURE TO TIMELY COMPLY WITH AN ADMINISTRATIVE REQUIREMENT OF THIS AGREED FINAL ORDER (E.G. PAYMENT OF A PENALTY, COMPLETION OF REMEDIAL EDUCATION, OR FAILURE TO PROVIDE LOGS).**

This agreement may be executed in one or more counterparts, in form of electronic mail, facsimile, or other written expression of agreement, each of which shall be deemed an original and together shall comprise evidence of full execution of the agreement.



THE DATE OF THIS AGREED FINAL ORDER shall be the date it is executed by the Chairperson of the Texas Appraiser Licensing and Certification Board. The Chairperson has been delegated the authority to sign this Agreed Final Order by the Texas Appraiser Licensing and Certification Board vote.

Signed this 8 day of November, 2013.

John Wallace Blunt Jr  
JOHN WALLACE BLUNT, JR.

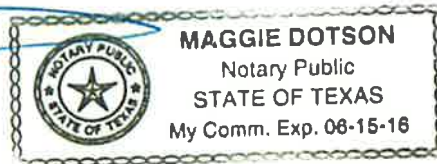
Ted Whitmer

TED WHITMER, ATTORNEY FOR  
JOHN WALLACE BLUNT, JR.

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned, on this the 8 day of November, 2013, by JOHN WALLACE BLUNT, JR., to certify which, witness my hand and official seal.

Maggie Dotson  
Notary Public Signature

Maggie Dotson  
Notary Public's Printed Name



Signed by the Standards and Enforcement Services Division this 12<sup>TH</sup> day of NOVEMBER, 2013.

Troy Beaulieu  
Troy Beaulieu, TALCB Staff Attorney

Signed by the Commissioner this 22 day of Nov, 2013.

Douglas Oldmixon  
Douglas Oldmixon, Commissioner  
Texas Appraiser Licensing and Certification Board

Approved by the Board and Signed this 22 day of Nov, 2013.

Walker Beard  
Walker Beard, Chairperson  
Texas Appraiser Licensing and Certification Board